

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 H-02 SS-15

NSC-05 /053 W

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R 121120Z OCT 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8916

INFO AMCONGEN BOMBAY

LIMITED OFFICIAL USE NEW DELHI 14968

E.O. 11652: N/A

TAGS: EAIR, IN

SUBJECT: CIVAIR: GOI GRANTS TWA REQUEST FOR TICKET PURCHASE PLAN

1. GOI HAS APPROVED REQUEST BY THE LOCAL TWA REPRESENTATIVE TO INSTITUTE CREDIT SALES OF AIRLINE TICKETS TO CERTAIN TRAVELERS. ACTION FOLLOWS SEVERAL MONTHS OF EFFORTS BY TWA AND EMBASSY OFFICERS SEEKING FAVORABLE DECISION.

2. TWA HAD ALREADY IMPLEMENTED "IMMIGRANT PAY LATER PLAN" (IPLP) SEVERAL MONTHS BEFORE IT SUSPENDED FLIGHT SERVICE TO INDIA IN EARLY 1975 UNDER ROUTE-SWAP AGREEMENT WITH PAN AMERICAN. IPLP PERMITTED HOLDER OF U.S. IMMIGRANT VISA TO CONTRACT TO PAY FOR TICKET ON INSTALLMENT BASIS AFTER ARRIVAL IN THE U.S. ACCORDING TO TWA REP HERE, EXPERIENCES WITH REPAYMENT HAD BEEN GOOD AND IPLP WAS SUCCESSFUL MARKETING DEVICE. AIR INDIA, WHICH WAS NOT IN A POSITION TO OFFER SIMILAR ARRANGEMENTS, PROTESTED TO RBI ON THE GROUNDS THAT PLAN WAS INCOMPATIBLE WITH INDIA LAW PROHIBITING INDIANS FROM CONTRACTING WITH FOREIGN COMPANIES IN FOREIGN CURRENCY. RBI HAD ORDERED CANCELLATION OF IPLP WHEN ROUTE-SWAP TOOK EFFECT.

3. AS PART OF TWA REP'S EFFORT TO EXPAND OPERATIONS IN INDIA DESPITE ABSENCE OF DIRECT FLIGHT SERVICE, HE APPLIED TO RBI FOR
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SEVERAL OF DECISION EARLY THIS YEAR. RBI REFERRED MATTER TO MINIS-

TRY OF FINANCE. EMBASSY OFFICERS TOOK MATTER UP WITH MIN FINANCE
CONTACTS WHEN IT APPEARED THAT NO ACTION WOULD BE TAKEN. ORIGINAL
MIN FINANCE CONCLUSION WAS THAT WHILE LEGISLATION IN QUESTION
WAS NOT DRAFTED WITH IPLP ARRANGEMENT IN MIND, LETTER OF THE
LAW PREVENTED ITS IMPLEMENTATION. EMBASSY AND TWA PERSISTED IN
ARGUMENT THAT PAYMENT FOR TICKET IN U.S. WOULD REPRESENT FOREIGN
EXCHANGE SAVINGS FOR INDIA (IN LIEU OF SALE BY AMERICAN OR OTHER
FOREIGN AIR LINE IN NEW DELHI WHICH WOULD GENERATE REMITTABLE
PROFITS). MINISTRY OF FINANCE REVERSED ITS POSITION TOWARDS END
OF SEPTEMBER AND, AFTER FURTHER NUDGING BY EMBASSY, RBI CONFIRMED
APPROVAL TO TWA OFFICE IN BOMBAY LAST WEEK.
SAXBE

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Margaret P. Grafeld
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